

## Message Text

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11  
ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SEC-03 COME-00 OMB-01 TRSE-00

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SPC-03 L-03 DRC-01 /070 W  
----- 061094

R 222145Z MAR 74  
FM AMEMBASSY SANTO DOMINGO  
TO SECSTATE WASHDC 0090

C O N F I D E N T I A L SANTO DOMINGO 1195

E.O. 11652: GDS  
TAGS: EFIN, DR  
SUBJECT: IMAGE BUILDING: GULF & WESTERN AMERICAS DIVESTS  
ITS INEREST IN LOCAL FINANCE COMPANY

1. PURSUANT TO UNDERSTANDING REACHED WITH EMBASSY LAST OCTOBER  
REGARDING MEASURES TO IMPROVE ITS IMAGE, GULF & WESTERN AMERICAS  
(GWA) ANNOUNCED THIS MORNING THAT IT WAS DIVESTING ITS FIFTY  
PERCENT INTEREST (VALUED AT \$1,250,000) IN CORPORACION  
FINANCIERA ASOCIADA (COFINASA). AS DEPT WILL RECALL, COFINASA'S  
LENDING ACTIVITIES HAD SERIOUSLY ALARMED DOMINICAN CAPITALISTS  
TO THE POINT OF THEIR UNITING AGAINST GWA.

2. UNDER THE PLAN, GWA WILL SELL \$500,000 OF ITS STOCK IN  
COFINASA, TOGETHER WITH THE \$250,000 OF STOCK IT WILL PURCHASE  
FORM AMERICAN LIFE INSURANCE COMPANY, TO BANK OF AMERICA WHICH  
AT PRESENT OWNS TWENTY PERCENT OF COFINASA. GWA WILL DONATE  
THE REMAINDER OF ITS STOCK (VALUED AT \$750,000) TO THE  
UNIVERSIDAD DEL ESTE AT SAN PEDRO DE MACORIS IN A TRUST FUND  
TO BE ADMINISTERED BY THE BANCO DE RESERVA WHICH ALSO CURRENTLY  
OWNS TWENTY PERCENT OF COFINASA. IN THIS MANNER, CONFINASA  
WILL IN THE FUTURE BE CONTROLLED EQUALLY BY BANK OF AMERICA  
AND BANCO DE RESERVA.

3. NINETY-FIVE PERCENT OF THE PROFIT ACCRUING FROM THE GIFT  
OF STOCK WILL BE DEDICATED TO THE PROMOTION OF DOMINICAN  
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SPORTS IN THE FOLLOWING MANNER:

(A) 65 PERCENT FOR THE MAINTENANCE OF AND PROMOTION OF SPORTS  
IN THE EXCELLENT INSTALLATIONS BUILT FOR THE 12TH CENTRAL  
AMERICAN AND CARIBBEAN GAMES;

(B) 15 PERCENT FOR THE PROMOTION OF SPORTS PROGRAMS AT THE  
UNIVERSIDAD DEL ESTE;

(C) 15 PERCENT FOR PROMOTION OF SPORTS AT THE UNIVERSIDAD  
NACIONAL PEDRO HENRIQUEZ URENA (UNPHU).

THE REMAINING 5 PERCENT WILL BE RETAINED BY BANCO DE RESERVA AS  
ITS FIDUCIARY FEE. IN ADDITION, GWA WILL DONATE ALL OF ITS  
FY74 PROFITS DERIVED FROM COFINASA FOR SPORTS PURPOSES AT  
THE ABOVE THREE INSTITUTIONS.

4. COMMENT: THIS SALUTARY STEP BY GWA RECEIVED PROMINENT  
FRONT PAGE TREATMENT THIS MORNING IN BOTH OF THE LOCAL  
PRESTIGIOUS NEWSPAPERS. BY WITHDRAWING FROM COFINASA JUST AS  
IT WAS BECOMING PROFITABLE (AFTER TWO YEARS OF LOSSES) AND  
THROUGH ITS SUBSTANTIAL GIFT FOR SPORTS PURPOSES (PRESIDENT  
BALAGUER'S PERSONAL SUGGESTION) GWA HAS TAKEN AN IMPORTANT  
STEP IN RE-SHAPING ITS IMAGE. WITH PUBLIC EUPHORIA OVER  
THE SUCCESS OF THE TWELFTH GAMES STILL EVIDENT, GWA'S  
ACTION WILL RECEIVE AN ADDED BOOST. THE PROVISION TO ASSIST  
THE TWO UNIVERSITIES WILL ALSO BE WELL RECEIVED. PERHAPS  
EVEN MORE IMPORTANT, THE ACTION WILL ALSO EFFECTIVELY DIS-  
SIPATE THE TENSION THAT HAD ARISEN AMONG LOCAL CAPITALISTS.

5. G&W NEW YORK AS WELL AS GWA REMAIN VERY RECEPTIVE TO  
EMBASSY SUGGESTIONS FOR FURTHER STEPS THAT THEY MAY TAKE TO  
IMPROVE THEIR IMAGE, A TOPIC ON WHICH WE HAVE A NUMBER OF  
IDEAS. THEIR MONEY TOGETHER WITH THE COUNTRY TEAM'S EXPERIENCE  
AND IMAGINATION SHOULD PROVE A HAPPY COMBINATION.

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## Message Attributes

**Automatic Decaptoning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 22 MAR 1974  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Film Number:** D740062-0793  
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**TAGS:** EFIN, DR, GULF & WESTERN AMERICAS  
**To:** STATE  
**Type:** TE  
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